

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
March 26, 2001
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on March 26, 2001 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory C. Jones and Members Sterling M. Ryder, Staci Yandle, and Stuart P. Levine.

Also in attendance were: Deputy Administrators Joseph Haughey, Allan S. McDonald, James W. Wagner, Deputy Chief Legal Counsel Jeannette P. Tamayo, and other members of the staff. Deputy Administrator Thomas Swoik was present telephonically. Administrator Acosta was not present for the March 26th Regular meeting, Special Counsel to the Board; Robert Casey acted in Mr. Acosta's absence.

Chairman Jones re-convened the March 20, 2001 Regular Meeting at 10:07 A.M. in the 3rd floor Board Conference Room.

The Board immediately reconvened closed session.

The Board convened its Open Session at 2:00 P.M.

Approval of Minutes

Member Yandle moved that **the Board approve the following closed session minutes of the Illinois Gaming Board:**

- **Closed Session Minutes:**
 - **Regular Meeting of February 27, 2001**

Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Jones informed the members of the public that the Board is near the final stages of the proposed Self-Exclusion Rule. Chairman Jones stated that anyone who has comments regarding the proposed rule would be given the opportunity to comment to Deputy Chief Legal Counsel Jeannette Tamayo. Chairman Jones stated that the Board plans to discuss the proposed rule during April's regular meeting. Chairman Jones informed the public that the next regular meeting would be held in East St. Louis at Casino Queen's hotel complex. Chairman Jones stated that further details could be obtained from staff or the Illinois Gaming Board's website. Chairman Jones stated that if there are changes regarding the location of the meeting, staff would make every effort to inform interested parties in suitable time. Chairman Jones announced that the Gaming Board's annual report is available for public dissemination. Chairman Jones stated that the report is available on the web and that hardcopies would be available soon.

Member Ryder asked staff if progress had been made in hiring a Chief Counsel. Robert Casey stated that staff is making some progress, however, nothing has been resolved as of yet. Mr. Casey stated that there are no candidates, just suggestions.

Member Ryder asked Ms. Tamayo to provide the status on the request for a legal opinion from the Attorney General on moving a boat from the Mississippi River to the city limits of the City of Rock Island. Ms. Tamayo stated that staff has been reassured by the Attorney General's office that they are working on a legal opinion, and it has gone through the first level of approvals. Ms. Tamayo stated that the opinion should be available by the next meeting.

Administrator's Report

Administrator Acosta was not present for the March 26th meeting. Mr. Robert Casey served as the acting Administrator in Mr. Acosta's absence. Mr. Casey announced that the Administrator wanted to publicly thank Deputy Tom Swoik, and staff members Gene O'Shea, Kathy Spain, and Julie Stoecker for their efforts and hard work in preparing the annual report. Mr. Casey addressed all licensees and stated that in the future, as a matter of policy, licensees will be responsible for securing and submitting all information on Key personnel. Mr. Casey stated that staff will not accept information regarding a Key person from anyone other than the licensee.

Public Commentary

Wayne T. Burdick, Chairperson, Outreach Foundation, was present to discuss what the Outreach Foundation has been doing for persons who have problems with compulsive gambling. Mr. Burdick thanked the Gaming Board for holding a Compulsive Gambling meeting last year. Mr. Burdick stated that as a result of the meeting, Governor Ryan has

made funds available for treatment and public awareness for compulsive gamblers. Mr. Burdick stated that the Outreach Foundation is a recipient of the available funds, which now makes the foundation partially funded. Mr. Burdick stated that due to the funds, the Outreach Foundation is able to reach the entire state, including senior centers and schools. Mr. Burdick stated that the foundation is not for or against gambling, its main interest is helping problem gamblers. Mr. Burdick stated that the Outreach Foundation is available for the Board to use as a resource to approach the issue of problem gambling. Mr. Burdick stated that the foundation makes public appearances to share information and answer all questions regarding compulsive gambling.

Chairman Jones asked Mr. Burdick his thoughts on the Self-Exclusion Policy. Mr. Burdick stated that the Outreach Foundation does not have a stand on that issue, however, he personally feels that roadblocks are essential for anyone who is trying to receive treatment for compulsive gambling. Mr. Burdick stated that if Self-Exclusion serves as a roadblock for compulsive gamblers, that's a great thing.

Member Ryder asked if the grant was issued by the Department of Human Services. Mr. Burdick stated that the Department of Human Services issued the grant and the University of Illinois in Springfield controls it.

Member Ryder asked Mr. Burdick if the Outreach Foundation works with the opponents of legalized gambling who speaks before the Board on a regular basis. Mr. Burdick stated that the foundation informs callers that they do not take a stand on anything other than helping people with problem gambling. Mr. Burdick stated that when he receives a call from someone who is against gambling, the foundation is always more than happy to go out and explain the purpose of the foundation and pass on information on how problem gamblers can get help.

Nancy Duel, Northern Illinois Conference, was present on behalf of Rev. Barbara Donica, Pastor of Grace United Methodist Church, Joliet, Illinois. Ms. Duel presented the Board with a memo that was prepared by Rev. Donica. Rev. Donica expressed in the memo deep concern that Empress Casino, Joliet may be donating land to the city of Joliet to build a water park next to the casino. Rev. Donica feels that a water park in Joliet is an excellent idea, however, she disagrees with a water park being built next to a gambling facility. In her memo, Rev. Donica stated that in the State of Illinois gambling has always been separated from children's activities. Rev. Donica urged the Board not to allow changes in such an important precedent.

Ms. Duel stated that her concern is if the motivation of the casino is to provide land for the city of Joliet to build the water park or if its to draw more visitors to the casino and have a place for parents to park their children while they gamble. Ms. Duel urged the Board to deny Empress Casino the opportunity to donate land to the city of Joliet for a water park to be built next to the casino.

Member Ryder stated that the Board has not received a request from Empress Casino, Joliet to donate land to the city of Joliet for a water park.

Ms. Duel asked Member Ryder if Empress decides to donate the land, would they have to seek permission from the Board.

Member Ryder stated that it is possible, however, the Board would not know until they see the extent of the request and the nature of it.

Owner Licensee Items

CASINO QUEEN - WILLIAM PURSELL, INTERNAL AUDIT MANAGER – LEVEL ONE – Based on a review of the staff's investigation and recommendation, Member Yandle moved that **the Board approve William Pursell as a Level 1 Occupational Licensee of Casino Queen Inc.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

GRAND VICTORIA – EDWARD CISOWSKI, CUSTOMER SAFETY MANAGER – LEVEL ONE – Donna More was present on behalf of Edward Cisowski to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Yandle moved that **the Board approve Edward Cisowski as a Level 1 Occupational Licensee of Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Suppliers Licensees Items

THE BUD JONES COMPANY – Counsel Laura McCallister - Cox, was present on behalf of The Bud Jones Company.

Based on the staff's investigation and recommendation, Member Ryder moved that **the Board approve the Supplier's license application of The Bud Jones Company for a restricted term of 1 year, subject to the Board's approval of its Key Persons. In renewing this Supplier's License, the Board orders the following:**

1. **That The Bud Jones Company shall only sell gaming equipment and supplies previously approved by the Board and/or Administrator to Illinois licensees until such time as the Board enters an Order or otherwise permits The Bud Jones Company to sell other gaming equipment and supplies to Illinois licensees; and**
2. **That The Bud Jones Company shall cooperate fully and timely with the Board's continuing investigation.**

Member Ryder further moved that **based on the staff's recommendation the Board certify the following positions and individuals as Key Persons of the licensee:**

- 1. Chief Operating Officer**
- 2. Chief Executive Officer**
- 3. Francois G. Carette**
- 4. Gerald P. Charlier**
- 5. Holding Wilson, Inc.**
- 6. Etablissements Bourgogne et Grasset**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

SILICON GAMING COMPANY – ILLINOIS, INC. – Attorney Donna More was present on behalf of Silicon Gaming Company.

Based on the staff's investigation and recommendation, Member Levine moved that **the Board approve the Supplier's license application of Silicon Gaming Company –Illinois for a restricted term of 1 year, subject to the Board's approval of its Key Persons. In renewing this Supplier's License, the Board orders the following:**

- 1. Silicon-Gaming shall continue to be prohibited from selling any new non-alterable storage media gaming devices, as previously directed by the Administrator, until a rule authorizing such gaming devices is adopted by the Board.**

Member Levin further moved that, **based on the staff's recommendation the Board certify the following positions and individuals as Key Persons of the licensee:**

- 1. Chief Executive Officer**
- 2. Chief Operating Officer**
- 3. Sarah Beth Brown**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

WMS GAMING, INC. – Brian Gamache, President and CEO, Orrin Edidin, Executive Vice President and General Counsel, Alissa Makower, Vice President of Viacom, and Donna More, Attorney, were present on behalf of WMS Gaming, Inc. Mr. Gamache thanked the members of the Board and staff for conducting a very thorough review of WMS with dignity and professionalism. Mr. Gamache stated that WMS is one of the world's largest manufacturers of gaming devices and video lottery terminals. Mr. Gamache stated that he looks forward to members of the Board and staff touring WMS's new state of the art building in Waukegan, Illinois where over 350 people are employed. Mr. Gamache stated that WMS

has maintained its facilities in Chicago which are currently undergoing a \$7million dollar renovation into a state of the art engineering campus capable of accommodating over 300 engineers and game designers. Mr. Gamache assured the Board that WMS is constantly vigilant in its compliance efforts. Mr. Edidin stated that WMS is proud of its regulatory program. Mr. Edidin stated that the program was invented to respond to incidents or concerns and to ensure that they are mediated and monitored closely. Mr. Edidin stated that over the past few weeks, WMS has met with Gaming Board staff to discuss various matters that were raised during their renewal investigation. Mr. Edidin stated that WMS appreciates the concerns raised by staff and has taken steps to specifically address each concern and to further assure compliance with all regulations. Mr. Edidin stated that with regards to comparisons of WMS' quarterly suppliers report and their sales and use tax returns, WMS has adopted written procedures to ensure reconciliation between the two reports on a timely basis. Mr. Edidin stated that WMS is committed to hiring a tax professional with the experience and expertise necessary to assist WMS. Ms. Makower apologized to the Board on behalf of Mr. Sumner Redstone for any inconveniences caused by the delays in filing Mr. Redstone's Illinois Gaming Board application. Ms. Makower stated that the delay was caused by a number of isolated and unusual events and that WMS is implementing safeguards against any such delays occurring in the future.

Attorney Donna More asked the Board if under the new policy, would the information on Mr. Sumner Redstone and National Amusement, Inc. be permissible since much of the information was completed by the individuals as opposed to WMS. Chief Legal Counsel Jeannette Tamayo stated that the rule is clear that the licensee is required to complete and submit the application. Ms. Tamayo stated that the application would not be accepted coming directly from a Key Person.

Chairman Jones stated that it's the Board's position that the responsibility should be of the licensee to provide the information to the Board so that there is an avenue to deal with if the information is not provided.

Member Ryder stated that he's not sure as to how long Mr. Gamache and Mr. Edidin has been with WMS, but it was four years ago that the Board had a problem with the sales tax submissions. Member Ryder stated that it is clearly not something that is intentional; it is an organizational and managerial problem that WMS has had. Member Ryder stated that he doesn't think it will be another four years before WMS is back and appearing before the Board unless the problem is resolved. Member Ryder stated that he knows the current issue is different from the problem four years ago; however, it involves the same areas. Member Ryder stated that the fact that WMS is an Illinois company makes the matter more troublesome for him.

Ms. More stated that the Board has heard a commitment from the highest level of management that they will address all issues concerned by staff and the Board, and that they are going to hire someone internally with expertise in the area of concern. Ms. More stated that WMS hopes that the next time they appear before the Board, the issues are resolved.

Based on the staff's investigation and recommendation, Member Yandle moved that **the Board approve the Supplier's license application of WMS Gaming, Inc. for a restricted term of 1 year, subject to the Board's approval of its Key Persons. In renewing this Supplier's License, the Board orders the following:**

- 1. WMS shall retain immediately an independent accounting firm approved by the Administrator to audit and develop sales and use compliance procedures.**
- 2. WMS shall devise and implement within 45 days a plan approved by the Administrator to ensure that it complies fully and timely in submitting accurate IGB supplier quarterly reports;**
- 3. WMS shall devise and implement within 45 days a plan approved by the Administrator to ensure that it complies fully and timely with the Illinois Department of Revenue Sales and Use tax requirements;**
- 4. The Administrator is directed to refer WMS to the Department of Revenue for an audit of WMS' Sales and Use tax; and**
- 5. WMS shall complete and submit in a timely manner all Key Person applications and annual updates.**

Member Yandle further moved that **based on the staff's recommendation the Board certify the following positions, individual and Business Entity as Key Persons of the licensee:**

- 1. Chairman**
- 2. President**
- 3. Sumner Redstone**
- 4. National Amusements, Inc.**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on the staff's investigation and recommendation, Member Levine moved **that the Board approve 84 applications for an Occupational License Level 2, and 151 applications for an Occupational License Level 3.**

Member Levine further moved that **the Board direct the Administrator to contact 8 pending applicants for occupational licenses to notify those applicants that staff has recommended that the Board deny their applications for an occupational license and provide these applicants with an opportunity to respond.**

Member Levine further moved that **the Board direct the Administrator to issue Notices of Denial to the following 5 applicants for Level 2 and 3 licenses, each of whom previously received notice that staff intended to recommend denial and did not respond or provide additional information to rebut the staff's recommendation:**

1. Nathan Bannister
2. Latannya M. Beaver
3. Alfredo Guzman
4. Philip M. Stofchek
5. Andrea L. Sutton

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Disciplinary Complaints

Based on the staff's investigation and recommendation, Member Ryder moved that **the Board issue a Disciplinary Complaint against Javier Salgado and revoke his Level 3 Occupational License for failing to comply with the Act and Board Rules in relation to his arrest and conviction for arson, a felony offense.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings

Based on the staff's investigation and recommendation, Member Yandle moved that **the Board deny the request for hearing submitted by Arturo Montano for failure to provide a *prima facie* basis for his hearing request and for failure to meet the requirements of Board Rule 3000.1125 in his hearing request.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Based on the staff's investigation and recommendation, Member Yandle move that **the Board deny the request for hearing submitted by Shauna D. Ross for failure to provide a *prima facie* basis for her hearing request and for failure to meet the requirements of Board Rule 3000.405 in her hearing request.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

At 2:43 P.M., Member Yandle moved to adjourn. Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,

Monica Thomas
Secretary to the Board